

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 L-03 H-02 PA-01 PRS-01 AID-05

CIAE-00 COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06

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OMB-01 NSC-05 SS-15 STR-04 CEA-01 AGR-05 AS-01 /094 W

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 1343

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E.O. 11652: N/A

TAGS: EAID, GR

SUBJECT: ECONOMIC ASSISTANCE TO GREECE

REF: (A) STATE 269436; (B) ATHENS 8650

1. EMBASSY HAS DISCUSSED CONTENTS REF A WITH BANK OF GREECE. ESTIMATES IN PARA 2 OF THAT REF. FOR ERRORS AND OMISSIONS, AND CLEARING ACCOUNT CHANGE REMAIN CURRENT. BANK OFFICIALS INDICATED THAT A REVIEW OF PROCEDURES IS UNDER WAY TO DRAMATICALLY REDUCE IN THE FUTURE THE LARGE ERRORS AND OMISSIONS ENTRY WHICH HAS BEEN A REGULAR FEATURE OF GREEK BALANCE OF PAYMENTS STATISTICS THE LAST FEW YEARS. OTHER ANSWERS FOLLOW.

2. AMORTIZATION FIGURE - BANK HAS NOT REVISED \$250 MILLION FIGURE USED IN 10/30/75 TABLE, BUT OFFICIALS CONTINUE TO FEEL THAT THIS ESTIMATE WILL BE ON LOW SIDE. NO NEW ESTIMATES FOR CY 76 AMORTIZATION HAVE BEEN MADE. DEPARTMENT MAY WISH TO NOTE THAT FORMAT OF SUMMARY TABLE PROVIDED TO EXPERTS DOES NOT CORRESPOND IN ALL RESPECTS TO THAT USUALLY USED BY EMBASSY IN ITS DETAILED BALANCE OF PAYMENTS REPORTING. THUS, PRIVATE CAPITAL CATEGORY IN 10/30/75 TABLE CONTAINS

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MIX OF GROSS (ENTREPRENEURIAL) AND NET (OTHER PRIVATE,

COMMERCIAL BANKS, SUPPLIERS' CREDITS) ITEMS. AMORTIZATION FIGURE CONSEQUENTLY INCLUDES OFFICIAL REPAYMENTS PLUS AN ESTIMATED \$50 MILLION IN PRIVATE ENTREPRENEURIAL REPAYMENTS WHILE EXCLUDING OTHER PRIVATE REPAYMENTS. IN ADDITION, OFFICIAL LOANS WHICH ARE NOT ACCOMMODATION FINANCE (8.E., ARE NOT TIED TO SPECIFIC PROJECTS AND PURCHASES, SUCH AS IBRD, EIB, AGRICULTURAL COMMODITY FINANCING) ARE INCLUDED IN "PRIVATE CAPITAL" IN THIS PRESENTATION. THUS THE NEED FOR OFFICIAL BORROWING SHOWN IN THE REFERENCED TABLE IS ACTUALLY SUBSTANTIALLY UNDERSTATED, BY AT LEAST \$100 MILLION BY THE EMBASSY'S CURRENT ESTIMATE. EMBASSY RAISES THIS POINT IN ORDER TO AVOID CONFUSION IN COMPARISON OF TABLE TO PAST AND FUTURE EMBASSY REPORTING.

3. NET INCREASE IN SUPPLIERS' CREDITS - VERY ROUGH FORECAST PRESENTLY AVAILABLE FOR 1976 NET INCREASE IN SUPPLIERS' CREDITS IS \$300 MILLION.

4. UNDISBURSED AMOUNTS OF OUTSTANDING LOANS - ONLY MAJOR BANK OF GREECE ACCOMMODATION FINANCE LOAN WHICH WILL REMAIN UNDISBURSED AFTER DECEMBER 31 WILL BE CHASE MANHATTAN LOAN OF SEPTEMBER 6, 1974, FOR \$100 MILLION. IN ADDITION, IF IMF IS ABLE TO MEET FULL GOG REQUEST FOR ASSISTANCE FROM 1975 OIL FACILITY, A CARRY-OVER OF ABOUT \$60 MILLION IS POSSIBLE.

5. EMBASSY'S ESTIMATES REQUESTED PARA. 4 REFTEL A FOLLOW:
(A) 1975 GNP GROWTH - APPLYING GOG'S FORECAST OF 2 PERCENT REAL GROWTH, ASSUMING 15 PERCENT INFLATION, 1975 GNP AT FACTOR COST WOULD BE \$21.2 BILLION IN CURRENT PRICES AND \$8.2 BILLION IN CONSTANT 1958 PRICES.

(B) INDUSTRIAL PRODUCTION INDEX - AVERAGE FOR JAN-AUG 1975 SHOWS INCREASE OF 2.5 PERCENT OVER AVERAGE FOR FIRST 8 MONTHS OF 1974; AUGUST 1974 - AUGUST 1975 INCREASE WAS 6.7 PERCENT.

(C) CONSUMER PRICE INDEX - AVERAGE CPI FOR JAN-SEPT 1975 WAS 13.1 PERCENT OVER AVERAGE FOR FIRST NINE MONTHS OF 1974; CPI FOR SEPTEMBER 75 STOOD 13.9 PERCENT OVER SEPTEMBER 74 LEVEL.

(D) UNIT VALUE INDEX - IMPORT PRICES: JAN-JUNE 1975 OVER LIMITED OFFICIAL USE

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SAME PERIOD IN 1974 UP 25 PERCENT; EXPORT PRICES UP 7 PERCENT. TERMS OF TRADE: JAN-JUNE 1975 OVER SAME PERIOD IN 1974, DOWN 14 PERCENT.

(E) GREEK STATE BUDGET - USING AVERAGE RATE OF 31.6 DRACHMAS - \$1 FOR JANUARY-AUGUST 75, IN \$ MILLIONS:

(1) REGULAR BUDGET: REVENUES - \$2,687; EXPENDITURES - \$2,500; SURPLUS - \$187.

(2) INVESTMENT BUDGET: REVENUES - \$10; EXPENDITURES -

\$437; DEFICIT - \$427.

(3) OVERALL NET DEFICIT POSITION: \$240.

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Message Attributes

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